

Mortgage Income Trust

Rate Update – 31 May 2009



Retail rate

4.18%* pa

Investment objective

The Fund aims to provide investors with regular and stable income together with a high level of capital stability.

Investment strategy

The Fund primarily invests in a portfolio of loans secured by first registered mortgages over retail, commercial, investment residential, industrial property and other income producing assets.

Investment manager's commentary

There are currently 294 mortgagors within the Mortgage Income Trust representing 328 loan accounts. As at 31 May 2009, five loan accounts were in arrears by greater than 31 days, representing 1.20% of net asset value. Three of these five loan accounts in arrears have reached default and hence we have taken possession of the security properties. As with all properties where we have taken possession, we have two options to maintain investor's capital. Firstly, we can recoup the loan amount by selling the property. Alternatively, we can find a tenant for the property and lease it until market conditions become more favourable.

How we manage the portfolio

To ensure consistent performance across a range of market conditions, the mortgage portfolio is diversified at a number of levels including sector, interest rate type, geographic location and loan size.

The current average loan to valuation ratio is 62.30%.

Our Mortgage Management documentation processes have been certified to the ISO9001:2000 standard.



Rating information

In November 2008 we amended the redemption process for the Mortgage Income Trust. While this amended redemption process is in place, we ask you to discuss the current rating of the fund with your preferred research provider.

Asset allocation

Asset class	Range %	Actual %
Registered first mortgages	60-100	83.66
Cash and short term securities	0-40	16.34
Total		100.00

Sector allocation

Asset class	Actual %
Retail	34.17
Industrial	28.90
Office	26.51
Residential investment	9.28
Other (specialised property)	1.14
Total	100.00

Performance as at 31 May 2009

Retail performance	1 mth %	3 mths %	6 mths %	1 year %	3 years % pa	5 years % pa
Total retail return	0.34	1.06	2.35	5.80	6.10	5.89
UBSA Bank Bill Index	0.25	0.78	1.91	5.86	6.49	6.17
Total retail return annualised *	4.18	4.30	4.76	5.80	6.10	5.89
UBSA Bank Bill Index annualised	3.06	3.16	3.86	5.86	6.49	6.17

Returns are calculated after fees and expenses and assume the reinvestment of distributions. Past performance is not a reliable indicator of future performance.

* Annualised return, assuming reinvestment of distributions and no exit charges.

Retail distributions of 5.65¢ over 1 year, 17.81¢ over 3 years and 28.66¢ over 5 years.

Mortgage Income Trust – Retail

Rate Update – 31 May 2009

Interest rate type

Type	Actual
Fixed rate loans	63.33
Variable rate loans	36.67
Total	100.00

Arrears

Days in arrears	Number of loans	% of fund size
31 - 60	0	0
61 - 90	2	0.75
> 90	3	0.45
Total	5	1.20

Risk/return

Retail Fund	1 Year	3 Years	5 Years
Std dev (% p.a.) ⁽¹⁾	0.33	0.21	0.18
Risk reward ⁽²⁾	17.59	28.76	32.03
Excess return (% p.a.) ⁽³⁾	(0.05)	(0.39)	(0.28)
Tracking error (% p.a.) ⁽⁴⁾	0.29	0.20	0.17
Information ratio ⁽⁵⁾	(0.18)	(1.94)	(1.67)

(1) Annualised standard deviation of the Fund's monthly returns. A measure of the variability of returns.

(2) Return divided by standard deviation. A measure of the return earned per unit of risk taken.

(3) Return earned by the Fund less the benchmark return (UBSA Bank Bill Index). A measure of the value added relative to the benchmark returns.

(4) The annualised standard deviation of the monthly excess returns. A measure of the variability of the Fund's returns relative to the benchmark returns.

(5) The excess return divided by the tracking error. A measure of the value added per unit of risk taken relative to the benchmark.

Geographic allocation

State	Actual %
NSW / ACT	37.21
VIC / TAS	27.70
QLD / NT	28.42
WA	5.09
SA	1.58
Total	100.00

Snapshot

	Australian Unity Mortgage Income Trust
APIR Code	AUS0020AU
Inception date	31 March 1998
Fund size (net asset value)	\$910.14 ⁽¹⁾
Minimum initial investment	\$1,000
Entry/contribution fee	nil
Exit fee	first 12 months 1.10%, thereafter nil ⁽²⁾
Management costs	1.30% pa
Buy/sell spread	Buy: Nil Sell: Nil
Income distributions	monthly
Adviser commission - initial remuneration	option 1 - up to 1.045%, option 2 - nil
Adviser commission - service remuneration	option 1 - up to 0.165%, option 2 - up to 0.495%

(1) This represents the total asset pool. The Australian Unity Wholesale Mortgage Income Trust achieves its investment exposure via this Trust.

(2) We do not intend to apply the withdrawal fee to withdrawals made in response to a withdrawal offer.

Contact us

Address	114 Albert Road South Melbourne, VIC 3205
Investor Services	13 29 39
Adviser Services	1800 649 033
Website	australianunityinvestments.com.au
Email	investments@australianunity.com.au

Important information

The Fund is issued by Australian Unity Funds Management Limited ABN 60 071 497 115, AFS Licence No. 234454. This information is intended only to provide a general update on the investment particulars and the performance of the Fund. Investment decisions should not be made upon the basis of its past performance, distribution rate, or any rating given by a ratings agency, since each of these can vary. In addition, ratings need to be understood in the context of the full report issued by the ratings agency itself. You should refer to the Product Disclosure Statement (PDS) dated 7 December 2007 if you wish to know more about this product. A copy of the PDS can be obtained by calling us on the contact details listed above or from our website australianunityinvestments.com.au. The information provided here was current at the time of publication only.